

QUICK REFERENCE

THE REAL PLAN – A SOLUTION

SECURITIZATION

- COVID-19 has negatively impacted U.S. Virgin Islands commerce, tourism, and revenues; we must build back our house.
- We are now at a crossroads –we can do nothing and provide very little to improve our financial standing or we can implement **THE REAL PLAN** proposed by the Bryan/Roach administration which is a call to action to stimulate our economy and improve the lives of all Virgin Islanders.
- Under **THE REAL PLAN** we close out the old bond structure associated with the Rum Cover Over Receipts. Under the old structure, we are required to reserve much more money in our Rainy Day Fund for investors than is needed to pay them annually.
- In other words, **under the old bond structure, we have tied up our cash by setting aside funds while the needs of our family and community go unmet and our infrastructure crumbles.**
- Replacing the old structure is a new stronger structure, **the Matching Fund Securitization Corporation*** which will receive the Matching Fund Receipts (Rum Cover Over Receipts) and administer payment to investors and disbursements to the Government and rum companies.
- With the activation of the Matching Fund Securitization Corporation, **net savings over the 20 years of the transaction can range between \$44 million to more than \$80 million. Recent projections show overall savings to the USVI in the middle of the range, but the exact amount will not be known until pricing of the bonds.**
- The Governor and Legislature will keep a watchful eye over the Corporation's disbursements to ensure the Government receives its share of the Matching Fund Receipts to fund the needs of the Virgin Islands community.
- **Disbursements to the Government under this new and improved structure are projected to be significantly larger overall than under the old bond structure.**
- After the bond refinancing, every year for the next three years we will be able to access an additional \$85 million (for a total of **\$255 million**).
- There will be a stronger bond structure for investors with every \$1 in annual debt payment to bondholders projected to be covered by at least \$3 in revenue received from the Rum Cover Over Receipts.
- All of this is **accomplished without creating any more debt than we had before.** We will experience lower required payments to investors, and more money to tackle our priorities.
- Subject to the decision of the Legislature and the Governor, **some of the savings can be used as a first step towards the solvency of GERS.**

More...

- We have to act **now** while prospective bondholders are interested and low interest rates are available
- Legislators need to hear from you **before December 3, 2020**
- There is no other plan
- Doing nothing more provides nothing more for our priorities
- **The REAL PLAN: SECURITIZATION - is the solution**
- The REAL PLAN is the way forward, together as one people

*The Matching Fund Securitization Corporation will be an independent autonomous entity of the Government of the Virgin Islands. We already have similar corporations managing and administering some of our funds. The VI Lonesome Dove Corporation receives and administers revenues derived from certain investment interests and net revenues are ultimately directed to the GERS and the Senior Citizens Fund and the VI Tobacco Financing Corporation receives and administers the tobacco settlement funds which were used to fund the Charlotte Kimelman Cancer Institute on St. Thomas, the construction of the V.I. Cardiac Center on St. Croix, and other health care capital projects.

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